

TESTIMONY OF
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BEFORE THE
SUBCOMMITTEE ON SCIENCE, TECHNOLOGY, AND SPACE
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION
UNITED STATES SENATE

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Mr. Chairman, members of the Subcommittee, thank you for inviting me to testify today on our proposed plan for the National Technical Information Service.

Every day we see new examples of how the Internet is changing the way Americans work, live, and play. This past June, the Department of Commerce released a report -- The Emerging Digital Economy II -- showing how dramatic these changes have been. Indeed, growth in information technologies has accounted for more than one-third of our economic expansion since 1995, and the information technologies industry has helped cut the overall inflation rate by an average of 0.7 percentage points.

And I can tell you from experience that we are seeing those changes firsthand at the Department of Commerce. For example, if taxpayers visit the Department's web site, they can go to our electronic commerce web page and download this report for free. Alternatively, taxpayers can go to the Department's National Technical Information Service (NTIS) web page and order the report with a list price of \$27. If it were my money, I know what I would do. This, in a nutshell, sums up the problem facing NTIS.

For years, NTIS and the Department have struggled with how to ensure public access to government information at a reasonable cost, while keeping NTIS self-sufficient. Looking to the future, the Department believes that the economics of the Internet will dramatically affect NTIS' ability to remain solvent. The growth of the Internet has rendered outmoded the business model NTIS' uses to carry out its core mission. The long-term strategic issue we were forced to deal with is: Does it make sense for NTIS to continue to perform its core functions of collecting, organizing, storing, and disseminating government scientific, technical, and engineering (STE) information as the organization is currently constituted, or can those functions be more effectively performed elsewhere in the government? Therefore, we undertook a serious and comprehensive review of our potential options to address this question.

We considered each option along three dimensions: first, what impact would it have on the dissemination of science and technology information to the American people; second, is it consistent with good fiscal management; and third, what impact would it have on the employees of NTIS?

After careful consideration, we decided the most appropriate course of action would be to propose closing NTIS at the end of fiscal year 2000, transfer its collection to the Library of Congress, offer a buy-out to NTIS employees eligible for retirement and early retirement, and take steps to help move remaining NTIS employees into other positions.

To ensure that the public continues to have the best possible access to government information at the lowest possible cost, we want to take steps to ensure that Government agencies provide technical and business reports to the public via the Internet.

Let me briefly explain to the Committee why NTIS' business model is no longer viable in today's environment. NTIS was created in 1950 to operate as a clearinghouse within the U.S. Government for the collection and dissemination of technical, scientific, and engineering information of all kinds. However, the rapid growth of the Internet has fundamentally changed the way NTIS' customers acquire and use information.

As the Department's Inspector General (IG) noted in March 1999, "Federal agencies are increasingly bypassing NTIS as a distribution channel, instead offering their publications directly to the public over the Internet." It is not surprising then that -- largely because of these changes in the marketplace -- the number of titles received from government agencies declined 34% over this period, and more significantly, sales of publications from the traditional NTIS clearinghouse declined from almost 2.3 million units in Fiscal Year 1993 to 1.3 million units in Fiscal Year 1998. As a result over the past several years, NTIS' clearinghouse lost millions of dollars.

It is important to note that, to offset losses, NTIS has significantly changed its business mix. Over half of its revenues are now derived from services provided to other government agencies, up from one-third only five years ago. NTIS has also ventured into other business products; one example is producing and selling a CD-ROM of IRS tax forms. Revenues from NTIS' other business lines in FY 1999 have offset Clearinghouse losses and has allowed the organization to show a profit. But, as the Department's IG stated earlier this year, "We are also concerned that in order to replace lost sales, NTIS is seeking business opportunities on the perimeter of its statutory mission, where it risks competing against private businesses." Others, including Members of Congress, have raised similar concerns.

To address NTIS' financial situation in the short term and to offset declining revenues from the Clearinghouse, the Department has asked Congress to provide a \$2 million appropriation in FY 2000. However, neither the House nor the Senate appropriations bills provide this funding.

I believe that the Department's draft bill -- "The Access to Government Scientific, Technical, and Engineering Information Act of 1999" -- is a fiscally responsible long-term approach that will provide the American public with continued access to government STE information and will minimize the impact on NTIS' employees.

We propose the following two actions in the draft legislation: first, we transfer NTIS' collection to the Library of Congress. If approved by Congress, NTIS' paper, microfiche, and digital collection, and its bibliographic database -- nearly three million titles in all -- would be

transferred to the Library of Congress in order to maintain them and ensure they remain available to the public. The Department is currently working with the Library, the National Archives, and the Government Printing Office and other interested parties -- so that the public will continue to have the best possible access to government information. Of course, the Department will comply with all of its responsibilities under the Federal Records Act and other relevant statutes.

In addition, copies of current and future Government STE information would be electronically transmitted to the Library of Congress, where they would be electronically stored. The draft bill provides for the Chief Information Officer (CIO) of each Executive agency that produces scientific, technical, and engineering information to report annually to Congress on that CIO's respective agency's compliance with the relevant provisions on an annual basis. We believe that this policy mechanism will help ensure that agencies provide new documents to the Library.

Second, so that the American taxpayer has the best possible access to Federal government information, the Department is working to ensure that Government agencies post their technical and business reports on the Internet for at least three years -- consistent with the Paperwork Reduction Act.

The American people will be able to use search engines of Government Web sites that already exist to find the documents they want. And more powerful search engines -- electronic clearinghouses -- continue to be developed within the Government so that the American people can more easily find the reports they want.

Finally, as I noted, Secretary Daley and I are determined to minimize any adverse impact on NTIS' employees resulting from implementation of our proposal. I want to emphasize that if Congress approves the Department's proposal, we will take every available action to help NTIS' employees move into other jobs within the Government.

The Secretary sent a memorandum to every bureau head within the Department instructing them to work with our Human Resources office to place employees in jobs consistent with their abilities, and when necessary, restructure open positions in order to place as many of the NTIS staff as possible. The Department also intends to offer buy-outs for those NTIS employees who are eligible to retire as well as those eligible for early retirement. Our record at moving employees has been strong: as part of our effort to keep NTIS from becoming deficient in FY 1999, we successfully moved 46 NTIS employees to other bureaus within the Department in just two months.

In the event that Congress approves closing NTIS and we cannot place every employee in another job within the Department, the Secretary has asked Office of Personnel Management (OPM) Director Janice Lachance for her assistance in placing and retraining NTIS employees for other jobs within the Government. She has assured the Secretary that OPM will do what it can, and indeed, we have already worked with OPM staff to draft provisions of the bill to help make the transition for our NTIS employees easier.

Thank you again for this opportunity to represent the Department's position. I would be pleased to respond to any questions.